

OGC HAS
REVIEWED.

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ER: 5-8895

CONFIDENTIAL

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MEMORANDUM FOR: Mr. [REDACTED] Assistant to the Director

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SUBJECT : Comments on Proposed Contract Between
Mr. [REDACTED] and the Office of Training

1. Following receipt of your request of yesterday that this office comment upon the subject proposal, several inquiries were made by this office of a well-known local producer of commercial documentary films for the Government in an effort to develop points of comparison between the substance of this proposal and accepted commercial practice. In addition, background information not contained in the original paper requesting the approval of the Director of Central Intelligence, concerning the relations between the Office of Training and Mr. [REDACTED] was solicited from Mr. [REDACTED], Deputy Director of Training, in the absence of the Director of Training. The results of this exploration are as follows:

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a. To begin with, it is apparent that a verbal agreement between a representative of the Office of Training acting as agent for the Director of Training, and Mr. [REDACTED] existed as an outgrowth of conversations between the principals. This agreement, notably that a \$3000 fee for the services set forth in the proposed contract was proper, stemmed from an earlier opinion from Mr. [REDACTED] that \$5000 would be his price for doing this particular job. I am advised that the Office of Training had asked Mr. [REDACTED] if he would be interested in undertaking this assignment in the first place, and that the Director of Training subsequently authorized a representative of his office to come to terms with Mr. [REDACTED] at any mutually satisfactory figure below \$5000. Consequently, the opinion of this office as to the rectitude of this contract for personal services is being rendered pretty largely from a post facto point of view, a position that necessarily limits freedom of action.

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b. In view of the additional information developed by this office, relative to technical matters involved in the proposed filming, it now appears that the established figure of \$3000 is acceptable, subject only to certain modifications which I would suggest in the method of payment, and which are detailed elsewhere in this commentary. The background facts are these:

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1. Were this film to be shot under comparable conditions in the United States, using a union cameraman, who would charge the union rate of \$200 per day for his services, including the use of his equipment, but not including film or local travel necessary to reach vantage points for shooting, it is estimated that the shooting schedule would call for 14 days, which allows for possible bad weather. This would total \$2800 in all.

2. Since interior camera work will be required, in addition to the background photography of the exterior location, I am told that the cameraman would be obliged to hire a union electrician for the 14 days, at a salary of from \$75 to \$100 per week. Added to the previous \$2800, this approximates the \$3000 set forth in the proposed contract.

3. Although "free-lance photographers", of which Mr. [REDACTED] appears to be one, generally do not stand on union rules in these matters, and on occasion may be engaged for as little as \$50 per day, their price is largely a function of their reputation, and I am assured by the Deputy Director of Training that Mr. [REDACTED] enjoys an excellent reputation in his chosen field. Therefore, his fee does not appear unreasonable.

2. I do believe it might be proper to suggest a modification of the method of payment for these services, in the event that the monies set forth in the proposal are accepted without alteration. As it now stands, the proposal is that Mr. [REDACTED] receive an initial \$1000 at the signing of the contract (and presumably the \$400 to buy his film), \$1000 at the time he begins shooting, and \$1000 on delivery and approval by the Office of Training. This means that if, for some reason, the film were deemed unsatisfactory at the time of delivery to OTR, Mr. [REDACTED] would only stand to lose \$1000, out of an entire amount of \$3400 for the venture, while the Agency would be out 70 percent of the amount. It might be better to establish it as follows:

a. At the time of execution of the contract, the Agency to pay Mr. [REDACTED] \$500 as a retainer, plus \$400 for the film.

b. The Agency to pay Mr. [REDACTED] \$1000 on commencement of shooting on location.

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c. On delivery of the film, and certification as to its value by OTR, Mr. [REDACTED] to receive a final payment of \$1500.

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3. The proposal above would seem to give Mr. [REDACTED] added incentive to produce a quality product, and at the same time to reduce the possible loss to CIA (from 70% to about 56%) in the event the finished product did not meet OTR's standards.

4. In view of the circumstances set forth above, it would appear that the approval of the Deputy Director of Central Intelligence in this instance is indicated.

LAWRENCE R. HOUSTON
Acting Deputy Director
(Administration)

Attachments:

Contract Information and Check List
Memo to DCI from DTR dtd 9 Aug 54
Subject: Contract with Mr. [REDACTED]

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